

STAKEHOLDER NOTICE

11 November 2019

Aurizon Network's 2018–19 capital expenditure claim

Aurizon Network's below-rail services in the Central Queensland Coal Network (CQCN) are declared under part 5 of the *Queensland Competition Authority Act 1997* (the QCA Act). As such, the provision of these services is governed by an access undertaking approved by the Queensland Competition Authority (the QCA), with the latest being the 2017 access undertaking (UT5) approved on 21 February 2019.

The QCA assesses the prudence and efficiency of Aurizon Network's capital expenditure each year, after the expenditure has taken place, to determine if it should be included in the regulatory asset base (RAB) for the network. In assessing the prudence and efficiency of capital expenditure, the QCA focusses on the

- scope of works
- standard of works
- cost of works.

Schedule E of UT5 further outlines the process and criteria for the QCA's assessment.

Aurizon Network's 2018–19 capital expenditure claim

On 25 October 2019, Aurizon Network submitted its 2018–19 capital expenditure claim. This submission sets out Aurizon Network's request that the capital expenditure be assessed by the QCA and accepted into the RAB in accordance with Schedule E, clause 2 of UT4. The claim encompasses 48 projects across the CQCN totalling \$130 million (excluding interest during construction), the details of which are outlined in Aurizon Network's submission.

Project sample

As in prior years, a sample of projects contained in Aurizon Network's 2018–19 capital expenditure claim has been selected to be assessed against the criteria in Schedule E of UT4. Table 1 details a sample of 18 projects to be assessed. The sample covers all rail systems in the CQCN and totals \$106 million, or approximately 82 per cent of the total value of the capital expenditure claim.

Stakeholder submissions invited

The QCA has published Aurizon Network's claim together with this notice on the QCA website. Stakeholders are invited to submit comments on Aurizon Network's 2018–19 capital expenditure claim and proposed sample by **Monday, 25 November 2019**.

As in prior capital expenditure reviews, the QCA will publish a report in the coming months detailing our engineering expert's assessment of the projects in the sample and we will invite stakeholders comments on that report as well.

Table 1 QCA sample list—Aurizon Network's 2018–19 capital expenditure claim

<i>Project ID</i>	<i>Project name</i>	<i>Asset type</i>	<i>Claim (\$, pre-escalation)</i>
IV.00425	Rail Renewal Program Package 1	Asset Renewals	\$26,572,373.00
IV.00446	Structures Renewal Package 1	Asset Renewals	\$15,465,451.00
IV.00476	Track Renewal Package 1	Asset Renewals	\$15,193,594.00
IV.00461	Turnout Renewal Package 1	Asset Renewals	\$14,053,345.00
IV.00449	Bridge Ballast Renewal Package 1	Asset Renewals	\$8,567,512.00
IV.00455	Control Systems Renewal Package 1	Asset Renewals	\$6,875,112.00
IV.00473	Sleeper Renewal Package 1	Asset Renewals	\$6,317,874.00
IV.00577	East End Fishermans Landing Infra Upgrade	Sustaining Other	\$4,858,621.00
IV.00458	Level Crossing Renewal Package 1	Asset Renewals	\$4,048,374.00
IV.00437	Callide Infrastructure Upgrade	Sustaining Other	\$2,298,631.00
IV.00555	FY19 Minerva Infrastructure Upgrade	Sustaining Other	\$ 1,379,635.00
IV.00004	Traction Fault Locator Renewal	Asset Renewals	\$881,498.00
IV.00344	Formation Renewal FY18	Asset Renewals	\$330,989.00
IV.00360	Network Asset Mgt System Tranche 2	Transformation	\$323,399.00
IV.00154	FY17 Autotransformer Renewal Project	Asset Renewals	\$185,545.00
IV.00145	Track Upgrade FY17	Asset Renewals	\$154,769.00
A.01731	WIRP1: DINGO TO BLUFF DUPLICATION	Growth	\$108,391.00
IV.00323	Track Upgrade FY18	Asset Renewals	-\$1,114,038.00
Total			\$106,501,075.00

Submissions

Closing date for submissions: 25 November 2019

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (QCA). Therefore submissions are invited from interested parties concerning its assessment of Aurizon Network's 2018–19 capital expenditure claim. The QCA will take account of all submissions received within the stated timeframes.

Submissions, comments or inquiries regarding this paper should be directed to:

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

Tel (07) 3222 0531
Fax (07) 3222 0599

www.qca.org.au/submissions

Confidentiality

In the interests of transparency and to promote informed discussion and consultation, the QCA intends to make all submissions publicly available. However, if a person making a submission believes that information in the submission is confidential, that person should claim confidentiality in respect of the document (or the relevant part of the document) at the time the submission is given to the QCA and state the basis for the confidentiality claim.

The assessment of confidentiality claims will be made by the QCA in accordance with the *Queensland Competition Authority Act 1997*, including an assessment of whether disclosure of the information would damage the person's commercial activities and considerations of the public interest.

Claims for confidentiality should be clearly noted on the front page of the submission. The relevant sections of the submission should also be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two versions of the submission (i.e. a complete version and another excising confidential information) could be provided.

A confidentiality claim template is available on request. We encourage stakeholders to use this template when making confidentiality claims. The confidentiality claim template provides guidance on the type of information that would assist our assessment of claims for confidentiality.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office, or on the website at www.qca.org.au. If you experience any difficulty gaining access to documents, please contact us on (07) 3222 0555.